

Message Text

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ACTION ARA-10

INFO OCT-01 AF-06 EUR-12 EA-07 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 IO-10 XMB-02 FRB-03 OPIC-03 /144 W

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R 061126Z OCT 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 424

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY PORT OF SAPIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

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EO 11652 NA

TAGS: EFIN, ENRG CERP VE

SUBJ: OPEC FUND PROPOSED BY PRESIDENT PEREZ

REF: CARACAS 10266

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1. THERE FOLLOWS THE ENGLISH TRANSLATION OF THE TEXT OF THE

LETTER OF SEP 30 (DESCRIBED REF) FROM PRESIDENT CARLOS ANDRES PEREZ TO THE CHIEFS OF STATE OF OPEC, PROPOSING THE ESTABLISHMENT OF A TWO-BILLION DOLLAR NON-REIMBURSABLE FUND TO PROVIDE BALANCE OF PAYMENTS SUPPORT TO THIRD WORLD COUNTRIES WHICH ARE NON-EXPORTERS OF PETROLEUM:

2. " ON THE OCCASION OF THE PETROLEUM PRICE READJUSTMENTS AGREED TO BY THE XLV OPEC CONFERENCE, AND IN THE NAME OF THE GOVT AND PEOPLE OF VENEZUELA, I WISH TO EXCHANGE MUTUAL CONGRATULATIONS WITH YOUR EXCELLENCY AND YOUR PEOPLE FOR THE UNITED PURPOSE AND EXEMPLARY DEMONSTRATION OF SOLIDARITY MANIFESTED BY THE DECISION OF OPEC.

3. PERMIT ME TO TAKE ADVANTAGE OF THIS HAPPY OCCASION TO CALL YOUR ATTENTION TO THE URGENCY OF INSURING THAT AT THE NEXT MEETING OF MINISTERS OF FINANCE OUR MINISTERS BRING INSTRUCTIONS TO APPROVE THE FORMATION OF AN OPEC FUND OF ONE AND ONE HALF TO TWO BILLION DOLLARS FOR THE PURPOSE OF PROVIDING NON-REIMBURSABLE FINANCING FOR THE INCREASE IN PETROLEUM COSTS TO NON-PRODUCING THIRD WORLD COUNTRIES RESULTING FROM THE PRICE READJUSTMENTS. MEMBERS OF THE ORGANIZATION WHICH EXPORT LESS THAN FIVE HUNDRED THOUSAND BARRELS A DAY WOULD BE EXCLUDED FROM PARTICIPATION IN THIS FUND.

4. I SINCERELY BELIEVE THAT THIS DECISION WILL NOT ONLY STRENGTHEN OPEC'S MORALE AND DEMONSTRATE A SENSE OF BROTHERHOOD FREE FROM THE SELFISHNESS THAT HAS MADE US VICTIMS OF THE INDUSTRIALIZED NATIONS; WE WOULD ALSO VIGOROUSLY FACE THE DANGEROUS PRESSURES WHICH ARE BEING EXERTED TO BREAK THE UNITY OF THE THIRD WORLD. WITH MOST CORDIAL EXPRESSIONS OF SOLIDARITY AND FRIENDSHIP, CARLOS ANDRES PEREZ, PRESIDENT OF VENEZUELA."

5. ARTURO HERNANDEZ GRISANTI, IN HIS CAPACITY AS ACTING HEAD OF THE ACCION DEMOCRATICA NATIONAL EXECUTIVE COMMITTEE (CEN), REJECTED OPPOSITION CRITICISM CONCERNING THE ESTABLISHMENT OF AN OPEC FUND. HE SAID THE DEVELOPING COUNTRIES WHICH ARE NOT PRODUCERS OF PETROLEUM ARE POOR NATIONS, A FACT WHICH COULD PRESSURE THEM TO DIVIDE THE THIRD WORLD LIMITED OFFICIAL USE

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FRONT. CONSEQUENTLY, THE SOLIDARITY AND HELP WHICH VENEZUELA AND OTHER MEMBERS OF OPEC COULD LEND THEM IS FUNDAMENTAL FOR THESE PETROLEUM NON-PRODUCERS TO CONTINUE TREATING OPEC AS THE VANGUARD OF THE THIRD WORLD. THIS SITUATION IS OF FUNDAMENTAL INTEREST TO VENEZUELA, ACCORDING TO HERNANDEZ GRISANTI. IF VENEZUELA SHOULD FOLLOW AN EGOTISTIC POLICY WITHOUT REGARD TO THE NEEDS OF THE NON-PRODUCERS, FRACTURE AND DIVISION AMONG DEVELOPING

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6. COMMENT: HERNANDEZ GRISANTI'S RATIONALE FOR SUPPORT-
ING THE PROPOSED OPEC FUND IN TERMS OF VENEZUELA'S SELF
INTEREST IS SOMEWHAT ANALOGOUS TO THE RATIONALE PUT FORTH
RECENTLY BY THE MINISTER OF STATE FOR VENEZUELA INVESTMENT
FUND, DR CONSTANTINO QUERO MORALES, TO THE EFFECT THAT
IT IS NECESSARY FOR VENEZUELA TO PROVIDE ASSISTANCE TO
OTHER LDC'S IN ORDER TO SUSTAIN SUPPORT OR AT LEAST DEFLECT
CRITICISM FROM ITS POLICY OF PURSUING EVER-INCREASING PRICES
FOR ITS OIL EXPORTS.

7. IN DISCUSSING THE 10 PERCENT OIL PRICE INCREASE
AGREED TO BY OPEC, HERNANDEZ GRISANTI SAID THAT PERHPAS
A HIGHER INCREASE COULD BE JUSTIFIED ON ECONOMIC GROUNDS
BUT THAT THE POLITICAL REALITIES OF THE SITUATION REQUIRED
VENEZUELA TO ACCEPT THE 10 PERCENT FIGURE IN ORDER
TO MAINTAIN OPEC SOLIDARITY.
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